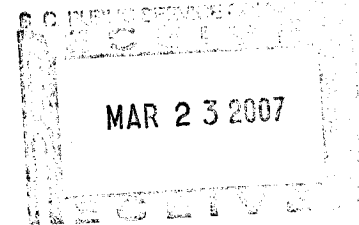




COPY
Posted: D. Duke
Dept: SA
Date: 3.26.07
Time: _____

185054
K. Chad Burgess
Senior Counsel
chad.burgess@scana.com

March 23, 2007



4:30 PM *[initials]*

VIA HAND DELIVERY

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Petition of South Carolina Electric & Gas Company for an order authorizing the reclassification of all unrecovered regulatory study costs incurred in connection with the seismic evaluation of the Saluda Dam Spillway from Account 183 to the Remediation Projects Account

Dear Mr. Terreni:

Enclosed for filing on behalf of South Carolina Electric & Gas Company ("SCE&G") is the original and ten (10) copies of SCE&G's Petition for an Accounting Order in the above captioned matter. Please acknowledge receipt of this document by date-stamping the extra copy that is enclosed and returning it to me via our courier.

By copy of this letter, I am also serving the South Carolina Office of Regulatory Staff with a copy of the enclosed Petition and attach a certificate of service to that effect.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

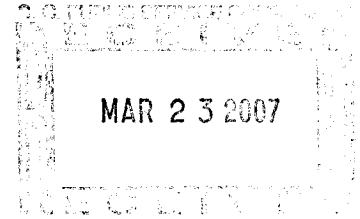
K. Chad Burgess
K. Chad Burgess

KCB/kms
Enclosures

cc: Shannon Bowyer Hudson, Esquire
(via hand delivery)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2007 - 104 - E



IN RE:

Petition of South Carolina Electric & Gas)
Company for an order authorizing the)
reclassification of all unrecovered regulatory)
study costs incurred in connection with the)
seismic evaluation of the Saluda Dam)
Spillway from Account 183 to the)
Remediation Projects Account.)
_____)

PETITION OF SOUTH CAROLINA
ELECTRIC & GAS COMPANY
FOR AN ACCOUNTING ORDER

South Carolina Electric & Gas Company ("SCE&G" or the "Company") hereby files with the South Carolina Public Service Commission ("Commission") this petition, pursuant to S.C. Code Ann. § 58-27-1540 (Supp. 2006) and 26 S.C. Code Ann. Reg. 103-836 (Supp. 2006), seeking an accounting order for regulatory accounting purposes authorizing SCE&G to reclassify all unrecovered regulatory study costs incurred in connection with the Company's seismic evaluation of the Saluda Dam Spillway from Account 183 to the Remediation Projects Account established by the Commission in Order No. 2005-2 issued in Docket No. 2004-178-E.

The request for relief set forth herein will not involve a change to any of SCE&G's rates or prices, or require any change in any Commission rule, regulation or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this Petition.

In support of this Petition, the Company would respectfully show unto this Commission the following key facts and would request of and apply to the Commission for the following relief:

1. SCE&G is a corporation organized and existing under the laws of the State of South Carolina. Further, SCE&G is an electric utility engaged in the generation, transmission, distribution, and sale of electricity to the public for consumption. SCE&G's retail electric operations are subject to the jurisdiction of the Commission pursuant to the provisions of Chapter 27 of Title 58 of the South Carolina Code.

2. Corporate legal counsel for SCE&G in this proceeding are as follows:

Catherine D. Taylor, Esquire
K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
1426 Main Street, MC 130
Columbia, South Carolina 29201
Telephone: 803-217-8141
Facsimile: 803-217-7931
cdtaylor@scana.com
chad.burgess@scana.com

All correspondence and any other matters of any kind relative to this proceeding should be addressed to the Company's authorized representatives as stated hereinabove.

3. Pursuant to Article 27 of the Saluda Hydro License, the Federal Energy Regulatory Commission ("FERC") required SCE&G to conduct a seismic evaluation of the Saluda Dam and Spillway. Based upon a series of geo-technical analyses performed on the dam, FERC instructed SCE&G to construct a second "dry" dam to impound water from Lake Murray to protect the downstream population in the event of a breach of the original Saluda Dam (the "Remediation Project"). FERC approved the Company's Remediation Project and in August 2002, construction of the second dam commenced.

4. In 2003, as part of the Remediation Project, SCE&G, FERC, and the Company's Board of Consultants initiated a series of engineering studies which focused on the seismic stability of the Saluda Dam Spillway ("Spillway"). The engineering analyses revealed that the existing Spillway could withstand an earthquake in excess of the magnitude of the Charleston Earthquake of 1886.¹ Accordingly, FERC advised SCE&G that no remediation actions were necessary for the Spillway. The total cost for the analyses, which consisted primarily of external engineering costs, was \$844,906.

5. In accordance with FERC Uniform System of Accounts, the Company accounted for the costs of the engineering studies in Account 183, "Preliminary Survey and Investigation Charges." Typically, unrecovered regulatory study costs accounted for in this manner are subsequently reclassified to Account 182.2, "Unrecovered Plant and Regulatory Study Costs."² Rather than reclassify these costs to Account 182.2, the Company requests that these unrecovered regulatory study costs be attributed to the Remediation Projects Account which was established by the Commission in Order No. 2005-2 issued in Docket No. 2004-178-E to account for, outside of rate base, all project costs accumulated in connection with the dam remediation project.

6. The costs incurred by SCE&G in analyzing the integrity of the Spillway are directly related to and associated with the dam remediation project. Therefore, the Company proposes to record an entry to credit Account 183 for the unrecovered regulatory study costs in

¹ The 1886 Charleston Earthquake was estimated to have had a magnitude in the range of 7.1 to 7.3 on the Richter scale and served as the Design Seismic Event for assessing the integrity of the Saluda Dam and Spillway.

² Costs included within Account 182.2 consist of, among other things, "[n]onrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183, Preliminary Survey and Investigation Charges, and not resulting in construction"

the amount of \$844,906 and then debit the Remediation Projects Account this same amount. Consequently, these study costs will become part of the Remediation Projects Account balance and accounted for in accordance with the provisions set forth in Order No. 2005-2.

WHEREFORE, having set forth its Petition, SCE&G respectfully requests that the Commission issue an order (i) granting the Company the authority to reclassify all unrecovered regulatory study costs incurred in connection with the Company's seismic evaluation of the Saluda Dam Spillway from Account 183 to the Remediation Projects Account established by the Commission in Order No. 2005-2 in Docket No. 2004-178-E, and (ii) granting such other and further relief as is just and proper.

Respectfully submitted,

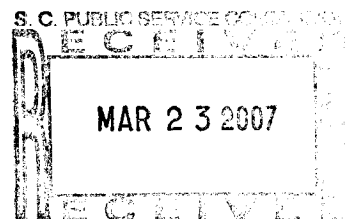


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Attorneys for Petitioner
South Carolina Electric & Gas Company

Columbia, South Carolina
March 23, 2007

**BEFORE THE
PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**



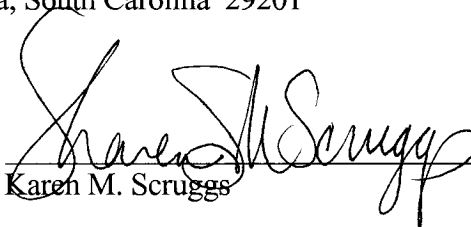
Docket No. 2007-_____

Petition of South Carolina Electric & Gas)
Company for an order authorizing the)
reclassification of all unrecovered)
regulatory study costs incurred in)
connection with the seismic evaluation of)
the Saluda Dam Spillway from Account)
183 to the Remediation Projects Account)
_____)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of **SCE&G's Petition for an Accounting Order** via hand delivery, upon the person named below at the addresses set forth:

Shannon Bowyer Hudson, Esquire
South Carolina Office of Regulatory of Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201



Karen M. Scruggs

Columbia, South Carolina
This 23rd day of March, 2007.